

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 3629 - HB 3752

February 22, 2010

SUMMARY OF BILL: Authorizes foreign individual health insurers to offer individual and small employer health benefits plans to Tennessee residents as long as the plans are the same as those offered in the insurer's domiciliary state and the insurer obtains a certificate of authority from the Department of Commerce and Insurance. The Department must establish grievance and independent claims review procedures for claims by health care providers or covered persons.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$167,300

**Increase State Expenditures - \$27,900/One-Time
\$613,400/Recurring**

Assumptions:

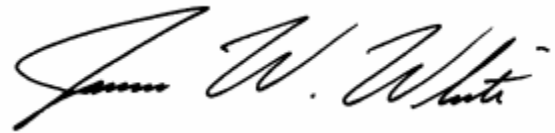
- According to the Department of Commerce and Insurance, there are currently 1,343 foreign insurers doing business in the state. The Department handles approximately 85 new applications per year.
- Due to the provisions of the bill, the Department estimates an additional 150 applicants will apply in the first two years. The Department will need two Insurance Examiner positions resulting in an increase in recurring expenditures of \$137,214. This amount includes salaries (\$96,096), benefits (\$32,673), networking (\$2,125), office lease (\$4,320), supplies (\$1,200) and telecommunications (\$800). There will be one-time expenditures in the amount of \$5,977 which includes computers (\$1,844), printer (\$133), and office set-up (\$4,000).
- Fees will be collected to offset the amount of expenditures incurred to review and process the applications. Current fees are \$675 for receiving and reviewing each application and \$440 for issuance of a certificate of authority. It is estimated that there will be an increase in revenue of \$167,250 $[(\$675 + \$440) \times 150]$. These revenues will be collected for each of the first two years for the initial application and certification and bi-annually for renewal.
- According to the Department of Commerce and Insurance, there are currently no grievance or independent claims review processes for foreign health insurers as required by the proposed legislation.

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- The Department will need additional staff including two attorneys, three consumer insurance investigators, a consumer insurance services manager and an administrative secretary to handle the additional investigative, management, administrative and legal responsibilities resulting from the provisions of the bill.
- These positions will result in an increase in recurring expenditures of \$476,205, which includes salaries (\$332,500), benefits (\$113,050), networking (\$7,375), office lease (\$16,280), supplies (\$4,200) and telecommunications (\$2,800). There will be one-time expenditures in the amount of \$21,880 which includes computers (\$6,454), printer (\$1,266), and office set-up (\$14,160).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/kml